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Division/Division Contact:
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Topic:
Request for Waiver or Review of the Earnings Gain benchmark.

Issue:
The current earnings gain standard is not measuring the outcomes that the State has intended – which is to measure an agency's impact on a family's economic situation. Agencies are having difficulty in meeting the standard as written.

Background:
The earnings gain benchmark is part of the W2 agencies 2002-2003 contract. The data is pulled from a new screen ACWS that is triggered any time a CMU or CMF placement is entered on ACWI. This screen collects monthly wages for the beginning of the placement. All participants who move into a CMF or CMU placement get counted in the denominator. This includes participants who transfer, and participants who are already employed and are applying only for a Job Access Loan. In general, these participants do not request further services, so are not kept open merely to capture a gain.

When the placement is ended on ACWI, ACWS must be completed with the end of placement wage information. This is either 0.00 when a participant is no longer employed, or reflects the current monthly wage. Agencies are expected to have 50% of participants experience some type of wage increase.

This tracking mechanism is not measuring the self-sufficiency impact an agency has had on a W-2 family, which is the goal of the measure. The standard is only tracking the monthly earnings at time of placement in a case management position. The supposition of the standard is to determine the relative impact an agency's service to a customer has been as measured through economic improvement. The premise that a placement into CMU or CMF is the concluding placement for a participant that has received extensive services by the W-2 agency is false. In addition, the methodology for measuring earnings gain contradicts the suppositions of another required standard - the 180-day job retention. The following explains these issues in further detail:

CMU placements

Participants placed in CMU generally fall into two categories: new applicants and participants who were in CMS that gain employment.

W-2 applicants who are currently employed in unsubsidized employment and are determined job ready. It is a voluntary placement. Customers in this situation are generally looking for additional guidance for job retention or for assistance with a job access loan. These placements are generally short-term (although there are no state-wide reports available to track the length of stay in CMU before 2002 and since 2002). Agencies provide services to the customers and may times co-enroll in WAA. Often the customer ends the W-2 placement after only a month or two. Some placements last for as short as one day. This does not provide enough time to track the true impact provided to the customer.

Job Access loan recipients are not looking for employment guidance, but a loan to resolve an “immediate and discrete financial crisis” (policy statement). Job Access loans were created to help W-2 eligible customers with a financial crisis without having to apply for W-2. But, because of a CARES design, agencies are required to complete W-2 and place them in CMU. The entire focus of a Job Access loan is outside of the objectives of this earnings gain standard.

In addition to applicants, ongoing participants who are placed in CMS who gain employment are moved to CMU. Often, customers leave the placement only after a month or two, well before there is a gain realized. As per CMS policy, the vast majority of participants in CMS have only been served for 30 days or less and then when employed, move to CMU. An agency has had little time to have an impact on long-term economic gains before the customer declines CMU.

CMF Placements

Participants who gain unsubsidized employment while placed in CSJ, W2-T, Trial Job, or in CMC (if services were provided to the CMC participant). Agencies are to provide follow-up services for a minimum of six months, if the customer doesn’t request the case to be closed. The majority of CMF placements are CSJ participants who gain employment. For many CSJ participants, it is their first job or first foray into the employment market with their new skills.

Many times they are not successful on their first attempt and lose employment. After re-assessment, the W-2 agency almost always determines to place the participant back into a CSJ. This movement back and forth between an employment position and CMF can occur multiple times before the participant finds true success and stability.

W-2 agencies look at this as a growth process and part of the agency's responsibility to help the participant through the failures. Unfortunately, each movement back to CSJ or W2-T results in a negative impact to the Earnings gain.

Case Transfers

There are times when a participant moves outside of an agency's service delivery area. For Milwaukee, the case remains open in CARES, but another agency assumes responsibility for the case. For the balance of state, agencies are required to close the W-2 case before transfer, including completing ACWI/ACWS.

In both instances, the originating agency does not have an opportunity to complete case management of the case because of the participant moving. For Milwaukee, in which the ACWI remains open, it is unclear which agency is assigned the Earnings Gain when the CMF/CMU placement is eventually ended – the original placing agency or the agency that ends the placement? As for the balance of the state, agencies are terminating placements because of a case transfer, not allowing for enough time to realize an earnings gain.

180-Day Job Retention Standard

The Job Retention standard benchmark for 180-day retention is that 50% of all entered employments are employed at 180-days from the EE date.

If it is assumed that an agency meets the retention benchmark of 50% of participants being employed at the 180th day it must also be assumed that 50% of participants do not remain employed 180 days. This leaves an agency needing an earnings gain from ALL participants left still employed at the 180-day mark. Not included in this calculation is that many times, participants decline W-2 services before the six month CMF placement is complete. The Job Retention benchmark assumes most agencies will meet the 180-day retention rate. For the 2000-2001 contract period, the state total sum 180-day rate was 63.6%.

It is the assumption that 50% of all CMU/CMF placements will have an earnings gain. But if you compare those placements to the retention rates, the state is calculating that 50% of all participants who gain employment may not retain it by the 180th day. In real numbers, 63.6% retain employment at the 180th day. That would mean out of 100 people in CMU/CMF, it can be extrapolated that only 63.6% would likely retain employment at the end of the placement. So in order to meet the 50% earnings gain, agencies would actually have to have 78.6% of the remaining employed participants have an earnings gain.

Because of the previously described issues connected to the standard, it is the belief of the Performance Standards Sub-Committee of the W-2 Contract and Implementation Committee that the Earnings Gain standard, as currently measured, is not truly measuring the stated goal of evaluating an agency's impact on a family's economic progress.

The WIDSOM reports for the Earnings Gain standard support this. As of June, 2002, the statewide figure for the Earnings gain is 176 out of 1,019 placements had an earnings gain. That equates to a 17.2% Earnings Gain rate, statewide. Currently, 48 agencies have at least one participant in the denominator. Only 13 of those agencies are passing the standard. Milwaukee, as a whole, is only at a 11.8% rate (83/703).

It is obvious from these figures that the measure has fundamental flaws in design and implementation. If these figures are extrapolated through December 2002, 35 agencies will fail Right of First Selection, including all of the Milwaukee agencies. Even with the One Case Credit applied, at least 14 agencies (including all Milwaukee agencies) would fail as of June figures.

In addition to the Earnings Gain standard having fundamental flaws in its design, agencies have had a difficult time processing the current CARES report mechanisms. Reports for the Earnings Gain measure we not made available until the second quarter of the contract and clarification on CARES entry regarding Operations Memo 02-06 (released 1/24/02) until the second quarter. Numerous entry errors on ACWS have been made by agencies, corrupting accurate data for the standard.

Alternatives:

There are a number of options available to correct the fundamental flaws of the Earnings Gain standard. Some choices would keep the functionality of the current standard; others would require data to be collected from other sources. The reality is that the current benchmark data do not reflect any true improvement of a family's economic situation.

Option 1

Keep the data collection as is for the standard and move to an "Information Only" benchmark. The reports should have language added to clarify what is actually being measured – an individual's income at time of a case management placement compared to the individual's income at the end of the case management placement. It does not measure the economic impact of the agency's service because many times the customer is moved to an employment position from the case management slot. Even with this option, the report would still be inherently faulty because it is not measuring a true earnings gain.

Pros: This option would eliminate the penalty for not meeting the requirements of a faulty measurement. The state would not face a large number of agencies failing right of first selection due to inaccurate data. In addition, it requires no programming changes to CARES or WISDOM, no additional training is needed for staff, and DWD would have some limited data for wage increases for participants in select placements

Cons: The standard would still have faulty data results used as a measure for true earnings gains of W-2 participants.

Option 2

Collect earnings gain data for W-2 participants from another source. The WPFT screen requires the entry of wage information at the 30th and the 180th day following an entered employment.

Pros: It would only include participants who gained employment with the assistance of the W-2 agency (unlike most CMU placements) and would track a consistent time period of six months for all participants. This would ensure all participants included in the measure are being measured in an equal time frame, unlike now in which a participant could be included in the measure for a period as short a one day. In addition, this data is already collected in CARES and could be pulled historically back to 1/1/02 (if necessary).

Cons: This option would totally change how the standard is measured and would have a larger focus on retention than advancement. It is unrealistic to make that type of major change and make it mandatory less than the full contract period. It would also require some minor programming changes in order for a report to read the wage data on WPFT for the 180-day entries of all W-2 participants and would require the creation of this new report in WISDOM. *In addition, it would still not fully measure the intent of the standard – the long-term impact of an agency on a family's economic status.*

Option 3

Utilize a tool that measures the overall the quality of life for families served by a W-2 agency over a period of time. An example of this would be the Denver Inventory.

Pros: It would provide a more accurate indication of a family's progress and the 'health' of the family. In addition, it would give more accurate information on the effect the agency has on the family.

Cons: This option would involve extensive research and time to determine the most appropriate measurement tool and would not be able to be implemented in 2002. In addition, there would be a large expense to implement. **Could be seriously looked at for the 2004-2005 contract.

Option 4

Remove participants from the denominator who move from CMF or CMU to another W-2 placement and remove participants who transfer to another agency.

Pros: This option will eliminate the large number of participants who move back and forth in W-2 placements and would only measure those participants who are leaving W-2, not participants who are transferring between agencies.

Cons: It still would not measure the true economic impact of the W-2 agency on a family because it would only measure a small portion of the service delivery to the participant as opposed to the entire time period of service. There would still be many participants who will leave the placements early which results in inequitable comparisons to a participant who is in a placement for one day verses six months. In addition, it would require some CARES programming changes and report modifications to prior months.

Option 5

Count customers only once. Measure the wage at time of initial W-2 placement and again at the W-2 closure.

Pros: It would have a more accurate gauge of an agency's impact on a family's economic situation over the entire period of service.

Cons: It would required a dramatic change in how the standard is measured and is not realistic for implementation as a mandatory standard for this contract. In addition, there would be issues regarding cases that would close for lack of review, loss of contact, and denial of extensions.

Option 6

Paul Saeman suggested the base standard be changed to count any instance where the earnings remain the same. The bonus would include any case that has a .01 cent or more increase. In addition, remove any CMF/CMU placement that is less than 30 days.

Pros: It would make the standard more attainable.

Cons: Would not eliminate the core flaw of the standard – still would only be tracking the income during the case management placement, not the entire service period for the customer. It would also not eliminate the biggest instance of failure in the measure – when the customer moves to another placement instead of W-2 closure.

Comments/Positions by External Partners: Not applicable

Comments by Technical Reviewers: None

Recommendation to the Secretary: The committee unanimously and strongly recommends the Secretary adopt Option 1. This is the only option that addresses the fundamental issue of the standard – with the current design, it doesn't measure the intent of the standard. Options 4, 5, and 6 adjust the standard, but do not eliminate the issue that only the case management placement piece is being measured. The adoption of any option besides Option 1 would still result in a significant number of agencies failing the measure and failing Right of First Selection.

The committee believes the intent of the measure is valid and would actively participate in the development of a standard that would accurately measure economic impact of a family receiving W-2 services.

Some other options the sub-committee recommends for the Secretary's consideration:

1. Make a new placement code on ACWI exclusively for JAL recipients. Currently, with the requirement to place JAL recipients in CMU, those customers are being included in the EE, Assessment, and Earnings Gain measures. This would eliminate the issue of placing JAL applicants, who are only looking for a short-term loan, not long-term case management services, in a position that would be subject to performance standards.

2. Work with the Performance Standards Sub-Committee on developing a realistic and accurate Earnings Gain standard for the 2004-2005 standard. This could include evaluating Options 2 and 3 listed in this paper.